

## Kenya signs CAADP /launches agricultural sector development strategy



*President Kibaki been welcomed by COMESA SG as Kenyan Trade Minister Hon. Kimunya looks on*

**T**he President of the Republic of Kenya, H.E Mwai Kibaki on 24 July 2010, officially launched the Kenya Agricultural Sector Development Strategy and witnessed the signing of the Comprehensive African Agricultural Development Program (CAADP). COMESA has been providing technical support to its Member States in view to having them sign and implement national and regional CADDP compacts. The COMESA Secretary General Mr Sindiso Ngwenya represented COMESA at the function and was among the signatories.

Speaking during the launch in Nairobi, President Kibaki said his government has developed a new Agricultural Sector Development Strategy 2012, to guide further development of the country's agricultural sector in line with the CADP "The strategy's overall objective is to achieve an agricultural growth of 7% per year over the next 5 years. It aims at positioning the agricultural sector

strategically as a key driver for sustained economic growth," President Kibaki said.

The strategy will see the country move towards realizing the aspirations of the Maputo Declaration of 2003, at which African Heads of State, undertook to support the agriculture sector in their respective countries by scaling up budgetary allocation to 10 per cent of the gross domestic product. The President noted that new program, which recognised private sector participation as key to sustainable growth in agriculture, aims at positioning the sector strategically as a key driver for sustained economic growth.

He said the government will endeavour to create an environment which will enable the private sector to take over many of the commercial enterprises that are currently with the government. "Our aim is to transform Kenya's agricultural

sector into a profitable economic activity capable of attracting private investments and providing gainful employment our people," Kibaki said.

Mr Kibaki added that the government will institute policy, legal and regulatory reforms so that individual farmers feel encouraged to shift from subsistence production to market-oriented commercial production.

President Kibaki encouraged individual farmers to shift from subsistence production to market-oriented commercial agriculture to benefit more from the reforms in the sector.

President Kibaki also said Kenya's signing of the CAADP shows the country's commitment to domesticating the continental agricultural program in the country.

He urged sector ministries and other stakeholders entrusted with the responsibility of implementing the program to cultivate a culture of performance and service delivery. "While the completion of this new strategy is a major step forward, the main challenge is the implementation of the policies contained in it. I also urge the farming, pastoral and fishing communities as well as the private sector to cooperate and fully participate in the implementation of the strategy," the President said

The African Program, the president observed, aims at supporting country-driven agricultural development strategies and programs by establishing clear commitments to deliver on specific targets.

*cont. to page 2*

## Kenya signs CAADP /launches agricultural sector development strategy

2

Stressing the importance of agriculture as an economic mainstay of most African economies, President Kibaki noted with regret that the sector remained largely underdeveloped in the continent.

“Up to 80% of the total population in Africa live in the rural areas and are mainly dependent on agriculture for their livelihood. Out of the 874 million hectares of arable land in Africa, for example, only 27% is optimally utilized,” said President Kibaki.

Mr Kibaki pointed out that the use of fertilizer in Africa was only on an average of 20kgs per hectare per year and even lower in Sub-Saharan Africa where it was at 9kgs per hectare compared to 100kgs per hectare in South Asia and 206kgs per hectare for in industrialized countries.

President Kibaki further added that application of improved seeds and mechanization for farm operations in Africa remained the lowest in the world and despite its enormous irrigation potential, only 1.4 per cent of Africa’s arable land is under irrigation compared to 49 per cent in South Asia.

The President attributed the persistent famine in African countries to underdevelopment of the agricultural sector which forced the continent to remain a net importer of food and agricultural products. “Indeed, agriculture in the continent has generally performed poorly, with the relative share of African agricultural exports in world markets falling from 8 per cent in the 1970’s to 3.2 per cent currently. It is now estimated that the continent imports over 22 billion US dollars worth of food,” President Kibaki said.

He stressed the need for African countries to step up wide ranging measures aimed at revitalizing the agricultural sector so as to reverse the

state of affairs.

President Kibaki said ensuring available and affordable agricultural inputs to farmers backed by strengthened and well maintained extension, research and innovations, agro-processing and marketing institutions was the surest way to attain sustainable agriculture in the continent.

The President underscored the need for a review of credit laws to enable farmers’ access affordable credit.

President Kibaki also called on African countries to consider increasing investment in irrigated agriculture so as to achieve more than 50 per cent of its irrigation potential by 2020 while ensuring farmers have good access to markets for their produce.

The President said improved rural infrastructure, instituting guaranteed minimum returns and farm insurance schemes, transforming farming enterprises from producers of primary raw material to producers of value added products ready for consumption will motivate farmers to increase production.

He commended the African Union Commission, the NEPAD Planning and Coordinating Agency and COMESA for their relentless efforts in spearheading the continental agricultural agenda. The Agricultural Development Strategy jointly developed by at least ten ministries aims at improving on the living standards of Kenyans under the vision “a food-secure and prosperous nation”.

Following the signing of CAADP, Kenya can now access major funding from the World Bank and other development partners for agricultural development in the country. Kenya is also expected to commit at least 10% of its national budget to agriculture as is required by the CAADP Compacts.

## Thailand offers to train cotton Ginners in Eastern and Southern Africa.

**L**ucky spinners, one of the biggest spinners in Thailand, has offered to send it’s technical personnel to train cotton ginners in Eastern and Southern Africa. This was stated at the completion of the South-South African Cotton Promotion & Value Chain Transparency Training event held in Bangkok, Thailand on 19-23 July 2010, by the International Trade Centre (ITC) in collaboration with COMESA. The event attracted 25 participants from 6 countries from Eastern and Southern Africa namely; Kenya, Uganda, Tanzania, Malawi, Mozambique and Zambia. Participants included representatives from Government, private sector, farmers and Africa Cotton and textile Industries Federation (ACTIF).

The program is part of the implementation of the All ACP Agricultural Commodities program funded by the European Union. COMESA is the focal point for Eastern and Southern Africa region. The objective of the training was to enable stakeholders to establish a direct contact with the Thai spinners and learn how the cotton value chain is organised in Thailand. Possibilities of Thai spinners investing in Eastern and Southern Africa was also discussed. The Spinners will adopt the model of training used with the Indian ginners that improved the quality of Indian cotton. African cotton has superior characteristics as it is handpicked and roller ginned. However, most African producers do not get the premium price due to contamination of the lint with non-cotton materials.

A presentation was made on the cotton to fashion supply chain to the African cotton stakeholders. Thailand has one of the biggest state-of-the-art home textile green manufacturing plants. The plants supply high end home textiles to major markets around the world under the brand PASAYA.

At the end of the training, the Thai Industry representatives and the participants requested ITC and COMESA to organise a reverse South-South event to be conducted in Africa. This will bring the Thailand textile and apparel industry to Africa and will enable them explore investment opportunities in the Cotton to Clothing supply chain. Lucky Spinners are already in consultation with a Tanzanian Ginner to set up a spinning factory in Dar es Salaam as a result of the South-South training that created the contact.



# COMESA Business Council consult on the proposed Grand Free Trade Area



As part of the on-going consultations, a meeting of the COMESA Business Council, which is a conglomeration of Private Sector Organisations, was organised on 19 – 20 July 2010, in Kampala, Uganda. Private Sector of the following Countries was represented: Burundi, Comoros, Djibouti, Democratic Republic of Congo, Eritrea, Ethiopia, Egypt, Kenya, Uganda, Malawi, Mauritius, Swaziland, Tanzania, Zambia and Zimbabwe.

Participants were given an overview of the proposed Tripartite Free Trade Area (often referred to as the Grand FTA) covering its geographical scope (from Cape to Cairo), its population and GDP, the number of Countries envisioned (26 out of the total 53 countries of Africa), and its feasibility in the sense that of the 26 Countries only four (Angola, DRC, Eritrea and Ethiopia) are not yet in any Free Trade Area.

Circumspection of Rules of Origin was presented highlighting the rationale and motivation for the Rules that while they are supposed to restrict trade preferences to qualifying goods, they should not be so tight as to stifle trade and investment growth. Currently applying rules in all the three Regional Economic Communities (RECs) of the Tripartite were delineated. The procedures of their administration and dispute resolution arrangements as detailed in the various protocols were looked at. It was pointed out that by and large, the rules of Origin applying under COMESA were similar to those employed

under EAC, and that the SADC Rules differed only in as much as “Substantial Transformation” rule applied product by product. Against that background, the proposed Rules for the Tripartite FTA were then presented and the meeting deliberated on them.

The meeting concluded with the following recommendations that were in support of the proposed Rules of Origin for the Tripartite FTA:

- Goods should be wholly produced and the qualifications for “Wholly Produced” should be as proposed in one of the annexes of the Tripartite Free Trade Area Agreement.
- For ‘Material Content’ maximum C.I.F value of Non Originating Material should not exceed 60 % of total cost of all materials used in production.
- Minimum Value Addition should not be less than 35% of the ex-factory cost of the goods. The Federation of Egyptian Industries made a reservation that Egypt wished the Value Addition threshold to be not less than 45% in order to encourage regional Investment.
- Change in Tariff Heading (CTH) Rule should be harmonised between the three Regional Economic Communities, and the secretariat should come up with a proposal in that regard
- Limited specific sectors of goods

which should have product Specific CTH Rules of Origin should be identified by Member States and advised to the Secretariat within three months

- The Current Procedures in the COMESA Trade Protocol for Dispute Settlement were adequate and acceptable to business operators. The same procedures should therefore be taken along in the Tripartite FTA arrangement but the strong need to enhance online communication should be recognized.
- The certificate issuance and signing procedures where the two processes should preferably be done in one shop.
- There is need to encourage online communication and online issuance of certificates and increased capacity building for issuing authorities and organisations.
- The Tripartite FTA should consider introducing the approved exporter and invoice declaration facility as has been proposed in one of the document annex..

The above recommendations were intended to be presented to the Trade and Customs Committee as part of the Private sector input into the preparations towards implementation of the Tripartite FTA proposed for 1 January 2012.

# A new initiative to fast-track development in the dry areas of Eastern Africa

Eight ministers from six countries in the region endorse the project targeting pastoralist communities

The Millennium Development Goals (MDG) Centre, East and Southern Africa, last Friday (23rd July 2010) launched, in partnership with the Common Market for Eastern and Southern Africa (COMESA), an initiative to bring accelerated development to pastoralist communities living in the dry lands of 6 countries in the region.

Under the Drylands Initiative, thousands of pastoralists who have historically been neglected will benefit from animal production, infrastructure, health, education, and business projects in Kenya, Uganda, Ethiopia, Somalia, Djibouti, and Sudan. The MDG Centre is also in talks with Eritrea.

The launch took place at the end of a two-day meeting on the initiative, with the participation of African and international government and UN officials, experts, scientists, and civil society representatives. The meeting was attended by the First Lady of Uganda and Minister for Karamoja, Mrs. Janet Museveni.

The Drylands Initiative was first unveiled in January 2010, at the signing ceremony of a Memorandum of Understanding between The MDG Centre and COMESA. Since then, different sites have been identified in participating countries and the project is about to move to the implementation phase. In northern

Kenya, such field work has been ongoing in Dertu Millennium Village since 2006. Based on the promising progress recorded there, the project is being scaled up to the district and other sites have been selected too.

‘Poverty levels are extraordinarily high in the drylands of East Africa, and the people who endure that poverty lack access to the most basic services: education, primary health care, safe water and sanitation, veterinary care for their livestock, and security from the ravages of drought and other environmental shocks. Climate change threatens to make the situation even more dire, unless active efforts are made to promote development and community resiliency,’ said Jeffrey Sachs, Director of the Earth Institute at Columbia University and Special Advisor to UN Secretary-General Ban ki-Moon on the Millennium Development Goals.

‘Fortunately, the people of the drylands are hard-working and are eager to invest in a sustainable future. With targeted efforts in critical areas — for example, livestock management and marketing, scaled-up health care, new educational opportunities, and upgraded infrastructure, pastoralist communities can achieve a major gain in productivity and economic wellbeing. This is what the Drylands Initiative sets out to achieve. Moreover, bringing economic improvement and climate resiliency will not only raise living standards

but will also promote peace. Recent history has amply demonstrated that many of the conflicts in the drylands result from water stress, hunger, and other vulnerabilities of the drylands. Investing in drylands development is therefore also investing in peace and security,’ added Professor Sachs, one of the initiators of the project.

COMESA Secretary General, Mr. Sindiso Ngwenya, said: ‘We are happy to partner with The MDG Centre in this endeavor. Accordingly, our specialized agency, the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), will work very closely with the Centre to ensure that there are improvements in the livelihoods of communities living in the drylands.’

‘Building upon the success of the Millennium Villages Project, the Drylands Initiative will bring multi-sectoral development to isolated, yet sizeable communities. With the right approaches, such as mobile technology and access to markets, we hope that pastoralist communities will be able to integrate into the mainstream economy and record progress on the Millennium Development Goals,’ concluded the director of The MDG Centre, Dr. Belay Begashaw.

The Initiative will operate at a regional level, recognizing that the drylands of Eastern Africa form a single economic space and that challenges and opportunities do not stop at national boundaries.



# COMESA Happy with Peace Progress in the Region



COMESA has expressed its happiness at the progress made in sustaining peace in the COMESA region. This was said at the official opening of the session of 10th Committee on Peace and Security taking place in Lusaka, Zambia on 29-30 July 2010.

Speaking at the opening ceremony, Assistant Secretary General Administration and Finance, Ambassador Nagla El-Hussainy, who was the Acting Secretary General, reminded the committee that It is now a decade since this committee started to hold regular meetings aimed at considering modalities for enhanced peace, security and stability in our region. "I don't know if there are any of you that participated in our first meetings of the Committee on Peace and Security. I recall that although the first meeting of the Committee on Peace and Security did not specifically address the ongoing conflicts in the region but focused on the development of rules of procedure for the Ministers of Foreign Affairs, there were at least eight ongoing conflicts in our region! Three of these were either inter-state in nature or had developed strong regional dynamics; while the remaining six were internal conflicts" pointed out Ambassador El-Hussainy.

Ambassador El-Hussainy added that today all those conflicts, except the insurgency by the Lord's Resistance Army, have been resolved through comprehensive agreements. "Unfortunately though, there have been

some new conflicts and two of these are still unresolved including the conflict in Darfur and the crisis in Madagascar" bemoaned the ambassador. "I must however hasten to add that all these are at various and advanced levels of reaching comprehensive agreements" she pointed out.

The Assistant Secretary General reminded her audience that as the committee started its work 10 years ago, COMESA was preparing to launch the Free Trade Area from the Preferential Trade arrangement and clearly attaining higher levels of integration would have been affected by the conflicts that were going on.

Ambassador El-Hussainy explained that she has chosen to make this recollection in order to emphasise two points. Firstly to articulate hope and secondly express a forward looking that relates to COMESA's progress in deepening integration through a Customs Union. Adding that implementing a Customs Union will most certainly require higher levels of inter-dependence and a better climate for investment

On the expression of hope, Ambassador El-Hussainy noted that the region has come a long way. "Looking back at where we were then (10 years ago) – I know you will all agree with me in saying that we have come a long way. I also know that you will agree with me in saying that we can certainly look ahead with hope that that the conflicts that are still active can be resolved

through our concerted efforts" she said. Adding that the region is starting at a position of strength because during the decade some very important shift was made regarding intervention in internal conflicts, which dominate the conflicts that exist today. "Ironically, the shift is linked with the 1994 Genocide in Rwanda, which became a defining moment on strategies for conflict management. The AU specifically laid out provisions to intervene in internal conflicts of the Member States thus over-riding the principle of sovereignty and non-interference, which guided the OAU and which was seen as the most significant factor that limited the past effectiveness of the OAU and its partners" she said, adding that "Similarly and also in response to the genocide, the famous United Nations "Responsibility to Protect" doctrine was conceived in 2001 redefining intervention in internal conflicts". She pointed out that as result, these had a very strong impact on the success that we have been able to record and especially that today we can confidently say that most of the conflicts resolved have been very largely done through African mediation.

The two day meeting will consider the Status Report of the Peace and Security situation in the COMESA Region. The Report on First Regional Workshop on Piracy that took place recently in Seychelles, progress Report on the Activities of COMESA programme for Peace and Security, elections of the Committee of Elders, and the year of Peace and Security for the continent with particular emphasis on COMESA Proposed activities.

# Algeria Consults with COMESA

6



*Lazhar Soualem, Sindiso Ngwenya and Ambassador Nagla El-Hussainy.*

**A**lgerian Ambassador to Zimbabwe and Zambia, HE Lazhar Soualem on 28 June 2010, paid a courtesy call to COMESA. HE. Soualem was received by the

COMESA Secretary General Mr Sindiso Ngwenya in the company of Assistant Secretary General Administration and Finance, Ambassador Nagla El-Hussainy.

COMESA briefed the Algerian Diplomat on the COMESA integration Agenda. The diplomat was also briefed on the cooperation between COMESA and other regional economic groupings in Africa, with particular reference to the COMESA-EAC-SADC Tripartite framework that envisages to create the largest Free Trade Area on the African continent, covering 26 countries in Eastern and Southern Africa, from Cape to Cairo and Tripoli.

Algeria is the second biggest country to be found on the African continent and has Libya, a COMESA Member State, as one of her neighbours.

## COMESA LAUNCHES STR IN ZIMBABWE AND ZAMBIA

**O**n 29 July 2010, COMESA launched the Simplified Trade Regime (STR) at the border town of in Victoria Falls, Zimbabwe. The Victoria Falls boarder post links Zambia and Zimbabwe.

Speaking at the launch of the STR, the guest of honor, The Zimbabwe Minister of Commerce and Industry, Professor Welshman N'cube said that there is need to remove all the trade barriers that hinder cross boarder traders from doing business.

The Minister further noted that the COMESA Council of Ministers have made a decision to remove all barriers in trade.

"Whether it is non-tariff barriers or tariff barriers, we as ministers have made headways in trying to remove the barriers because we know that you the small scale traders, are the ones who suffer a lot at the expense of the so called international businessmen and women", Professor N'cube said.

traders play an important role in the development of the national economy for both Zambia and Zimbabwe, since they deal mostly in agricultural products which help alleviate poverty in the countries.

Speaking at the launch, Zambia's Deputy Minister of Commerce and Industry, Dr. Lwipa Puma, said that government will continue to support COMESA with projects that aim at alleviating the sufferings of the citizens.

He commended COMESA for launching the STR on the boarder of Zambia and Zimbabwe a few months after the launch of another STR in Malawi at the Muchinji boarder in the eastern province of Zambia.

"We as Government of Zambia are very happy with what COMESA is doing because if more STRs are established, it will become very easy and cheaper to do business among member states of COMESA", Dr. Puma said.

Karangizi said that COMESA aims at deepening regional integration by introducing the STRs all over the COMESA region, and that it will work with sister regional economic communities particularly Southern African Development Community (SADC) and East African Community (EAC) to ensure success. Four out of five EAC countries belong to COMESA and have already agreed on a common list for STR implementation.

Mr. Karangizi added that so far, COMESA has made proposals to SADC to adopt the STR so that trade between COMESA and SADC Member States is made simple.

Meanwhile the European Union (EU) delegation leader and EU permanent Representative to COMESA, Derek Fee said that the EU will continue to put money in COMESA projects that enhances development.

Mr. Fee said that the EU has in the past two years injected over six million Euros into COMESA projects.

The Zambian government on its part noted that the cross boarder

COMESA Assistant Secretary General for Programmes, Mr. Steven